

SERVICE DATE – JULY 28, 2016

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. MCF 21070 TA

SUNTX CAPITAL III MANAGEMENT CORP., ET AL.—CONTROL—
TBL GROUP, INC.; GBJ, INC.; ECHO TOURS AND CHARTERS L.P.

Digest:¹ This decision grants a request for interim approval for the operation of properties sought to be acquired through a proposed finance transaction involving control of motor carriers.

Decided: July 25, 2016

On June 28, 2016, SunTx Capital III Management Corp. (SunTx III), SunTx Capital Partners III GP, LP (SunTx GP), SunTx TBL Logistics Management Holdings, LP (SunTx Holdings), TBL Logistics Management, LLC (TBL Logistics), TBL Group, Inc. (TBL Group), and the motor carriers of passengers it controls, GBJ, Inc. (GBJ) and Echo Tours and Charters L.P. (Echo) (collectively, Applicants) applied for interim authority under 49 U.S.C. § 14303(i) and the Board's regulations at 49 C.F.R. § 1182.7(b) with respect to the transaction at issue in Docket No. MCF 21070. In that proceeding, SunTx III, SunTx GP, and SunTx Holdings, and TBL Logistics (collectively, SunTx) seek to acquire control of TBL Group, GBJ, and Echo through the creation of TBL Logistics, a holding company that is controlled by SunTx Holdings. Applicants state that, as a result of that transaction, TBL Logistics would own TBL Group, through which TBL Logistics would control Echo (MC-755212) and GBJ (MC-369531).²

Specifically, Applicants state that as a result of this transaction, TBL Logistics would be owned 80.1% by SunTx Holdings and 19.9% by TBL Group. Applicants state that Echo and GBJ would continue to operate as separate companies, but the planned infusion of capital would allow them to modernize their fleets and expand their service offerings and operations.

¹ The digest constitutes no part of the decision of the Board but has been prepared for the convenience of the reader. It may not be cited to or relied upon as precedent. Policy Statement on Plain Language Digests in Decisions, EP 696 (STB served Sept. 2, 2010).

² In 2014, the Board authorized Texas Bus and Limo Acquisition Corp. (now known as TBL Group) to acquire control of five motor carriers of passengers. Tex. Bus & Limo Acquis. Corp.—Control—GBJ, Inc., et al., MCF 21058 (STB served July 9, 2014). Applicants state that, ultimately, only the acquisitions of GBJ and Echo were consummated. (Request for Interim Approval 1 n.1.)

Applicants assert that as a result of the prior fleet consolidation, Echo and GBJ were able to increase coordination of their operations to bolster each business by engaging in vehicle sharing arrangements and retire older vehicles as well as other benefits. Applicants explain that the proposed transaction and planned infusion of capital from SunTx would allow Echo and GBJ to continue this streamlining of operations and upgrading of the carriers' fleets. Applicants state that vehicles that average more than 12 years of age will be replaced with newer, safer, and more reliable vehicles that will offer better utilization factors, higher fuel economy, and lower emissions, and will provide the public with safer, more cost effective and environmentally responsible transportation.

Applicants seek interim approval pending a decision on their concurrently filed application for permanent approval of the transaction.³ Applicants state that time is of the essence in the proposed transaction, as their agreed upon timeline between the two motor carriers and SunTx to complete the investment is late July 2016. According to Applicants, interim approval is required as an indication of certainty pending ultimate disposition of the application so that the transaction remains on schedule for completion by the end of July. Applicants assert that without the financing transaction, Echo and GBJ will not be able to make planned upgrades to their carrier fleets and will continue to operate less efficiently and effectively, thereby harming Echo's and GBJ's future usefulness in providing adequate and continuous service to the public.

Under 49 U.S.C. § 14303(i) and 49 C.F.R. § 1182.7(b), we find that Applicants have demonstrated that failure to grant interim approval of the operation of the properties sought to be acquired through the proposed finance transaction may substantially interfere with their future usefulness in providing adequate and continuous service to the public.

This action is categorically excluded from environmental review under 49 C.F.R. § 1105.6(c).

³ Section 14303(i) provides in relevant part as follows:

- (i) **Interim approval.**—Pending determination of an application filed under this section, the Board may approve, for a period of not more than 180 days, the operation of the properties sought to be acquired by the person proposing in the application to acquire those properties, when it appears that failure to do so may result in destruction of or injury to those properties or substantially interfere with their future usefulness in providing adequate and continuous service to the public.

Although Applicants couch their request in terms of interim approval of the planned acquisition (see Request for Interim Approval 1), interim approval under § 14303(i) pertains to the operation of the properties sought to be acquired, not the acquisition itself.

It is ordered:

1. Applicants are authorized on an interim basis to operate the properties of Echo and GBJ for a period of not more than 180 days. The application for permanent authority will be addressed in a separate decision.

2. This decision is effective on its service date.

3. A copy of this decision will be served on: (1) the U.S. Department of Transportation, Federal Motor Carrier Safety Administration, 1200 New Jersey Avenue, S.E., Washington, DC 20590; (2) the U.S. Department of Justice, Antitrust Division, 10th Street & Pennsylvania Avenue, N.W., Washington, DC 20530; and (3) the U.S. Department of Transportation, Office of the General Counsel, 1200 New Jersey Avenue, S.E., Washington, DC 20590.

By the Board, Chairman Elliott, Vice Chairman Miller, and Commissioner Begeman.